

# **FISCAL NOTE**

## **SB 2842 - HB 2703**

February 13, 1998

**SUMMARY OF BILL:** Removes the sales and use tax exemption for all hospitals, including not-for-profit hospitals and earmarks the revenue to indigent care programs in teaching hospitals.

### **ESTIMATED FISCAL IMPACT:**

**Increase State Revenues - Exceeds \$5,000,000**

**Increase Local Govt. Revenues - Exceeds \$1,000,000**

**Increase State Expenditures - Exceeds \$5,000,000 Recurring  
- \$32,700 One-Time**

Assumes that sales and use tax collections for not-for-profit hospitals would exceed \$5,000,000 annually to the state and \$1,000,000 annually to local governments. The estimate of local government revenue is based on an average 2.25% sales tax rate and the single article cap of \$1,600. It is assumed that local option sales taxes would not be earmarked, since the portion of the TCA addressing such taxes is not amended by the bill.

Also assumes a recurring increase in state expenditures exceeding \$5,000,000 since it is assumed that all of the collections from hospitals would be distributed to teaching hospitals, with no funds remaining with the state. Assumes one-time costs of \$32,700 for computer changes for apportionment and redistribution in the Department of Revenue.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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